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COUNTRY Hungary/Rumania

SUBJECT Hungarian-Rumanian Property
Agreement

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**SUPPLEMENT TO
REPORT NO.**

1. In early 1948, a preliminary agreement was signed by Dr. Istvan Antos, State Secretary of the Hungarian Ministry of Finance, and Secretary General Joja of the Rumanian Ministry of Finance establishing four plenary mixed committees to negotiate agreements on economic problems involving the two countries.

Committee No. 1 established legal and administrative channels and provided for mutual legal assistance and reciprocal exchange of archives on all matters within the jurisdiction of the other three committees. The work of this committee was completed in the summer of 1948.

Committee No. 2 established ways and means for commercial and financial transactions between the two countries. An agreement was reached in principle on facilities to be used in commercial and financial transactions, but the Rumanian and Hungarian National Banks and the members of the committee have not yet been able to agree on a stable rate of exchange between the forint and the lei.

Committee No. 3 is concerned with postal and railroad communications. Conferences are still in progress.

Committee No. 4 has jurisdiction in all other economic problems confronting the two countries. Antos, representing the Hungarian Government, and Alexander Jacob, Rumanian Deputy Minister of Finance, are co-chairmen of the committee. One of the most important problems immediately confronting the committee was settlement of the status of Hungarian-owned properties in Rumania and Rumanian-owned properties in Hungary.

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Comment: All Hungarian-owned property in Rumania was sequestered by the pro-Allied Rumanian Government which was established toward the end of the last war. This action has been applied also to Hungarian property in territories later annexed by Rumania, including land belonging to more than 10,000 Hungarian farmers who have left northern Transylvania since the end of 1944.)

2. In the course of deliberations by Committee No. 4, Antos, in the opinion of his Hungarian colleagues, let the farm land problem remain unsolved. He stated that farm land belongs to the person cultivating it, and that the title to farm properties nationalized by the pro-Allied Rumanian Government when the Hungarian owners failed to remain was not a matter of first importance.

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The Hungarian delegation did not consider this a formal renunciation of Hungarian rights to the farm properties in question, however.

3. Another problem to be considered was the status of Hungarian-owned industrial enterprises which had been nationalized by Rumania.

25X1X6 ([REDACTED] Comments: Whereas there are considerable Hungarian industrial holdings within the present borders of Rumania, there are almost no Rumanian industrial holdings in Hungary).

Antos stated that the Hungarian Government appreciated Rumanian efforts to liquidate the capitalist system and that the Hungarian Government recognized the nationalization by Rumania of the numerous industrial enterprises which formerly belonged to Hungarian nationals in Rumania. For this reason the Hungarian Government was not attempting to bring about the return of these industrial properties to Hungarian ownership, nor did it intend to create a precedent whereby the Western powers might introduce claims for nationalized property in Hungary formerly owned by Western nationals. Antos requested, therefore, that the Rumanian Government compensate Hungary for nationalized industrial establishments formerly owned by Hungarian citizens, but that the transaction be disguised so as not to reveal the real reason for payment. The Rumanian committee members refused to commit themselves on this point, but agreed to forward Antos' request to the Rumanian Cabinet for consideration.

25X1A [REDACTED] not give any indication when a decision was expected on this point. Apparently, the matter was still pending on 21 September 1948, since property in this category is excluded from the terms of the formal agreement and its confidential annex signed on that date, which are discussed below.)

4. On 21 September 1948, an agreement was signed by Committee No. 4, stating that all privately-owned houses, furniture, and other personal belongings in Rumania to which Hungarian nationals once held title, were to be released to their Hungarian owners by Casbi, Rumanian Property Control Office.

[REDACTED] remarks which follow, it seems that this action did not constitute unqualified release of all the property involved to its former owners, but merely recognition of their ownership.)

It was further agreed that a small amount of the movable property involved, as defined in a "type inventory," was to be released for restitution; movable property in excess of the "type inventory" was to be sold and the proceeds used to cover transport and administration expenses incurred in the private property restitution process. In cases concerning privately-owned real estate, it would be permissible to exchange houses and buildings owned by Hungarians in Rumania for similar privately-owned property in Hungary after payment to the Rumanian Government of one half of the usual taxes assessed on property transfer transactions; the Hungarian Government agreed to grant the same rights to Rumanian nationals having real estate in Hungary.

5. In a confidential appendix to the 21 September agreement, Hungary renounced its right to properties in Rumania formerly owned by juridical persons (corporations and other legal entities) of Hungary, except for industrial enterprises and real estate which have been nationalized by the Rumanian Government. Hungary also renounced its rights to movable properties, not a part of an industrial establishment, which are now in the possession of a Rumanian state institution, Rumanian Communist Party, or any recognized "democratic mass-organizations"; rights to properties in this latter category were renounced

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regardless of whether the properties were formerly privately-owned by Hungarian nationals, by juridical persons, or by the Hungarian Government. In reciprocation for Hungarian concessions made in the confidential appendix, the Rumanian Government renounced its rights to all deported goods of Rumanian origin within the state boundaries of Hungary as of 21 September 1948, including Jewish gold from Transylvania which was restituted to Hungary by French authorities.

6. Antos refused to claim \$1,000,000 worth of pipe belonging to MACRT, Hungarian-American Oil Company, which is now in Rumanian possession, although the MACRT representative in Rumania requested Antos to claim the pipe.

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